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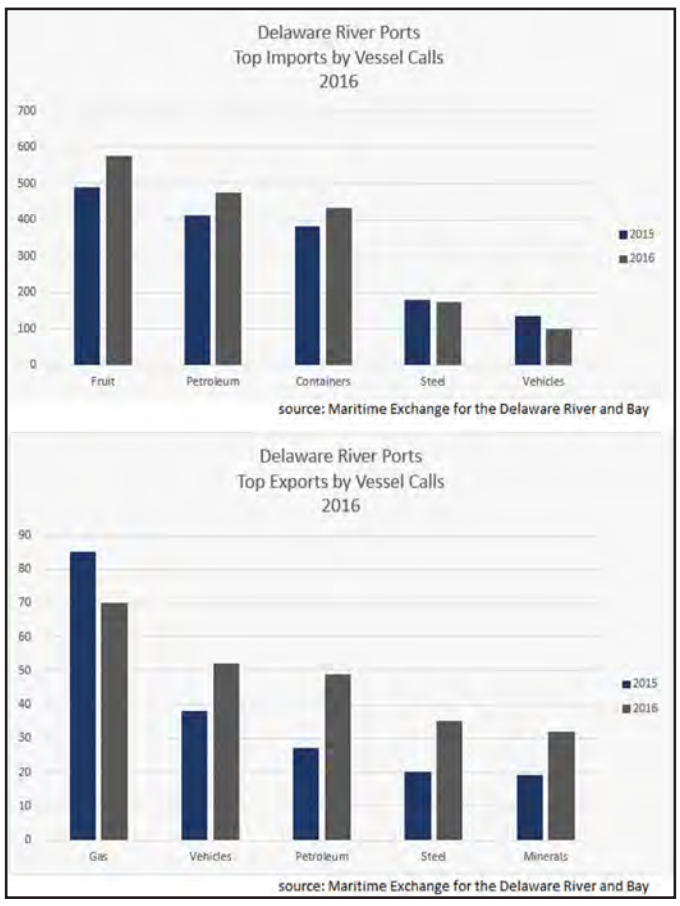
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Delaware River ship arrivals finish 2016 strong

The Maritime Exchange is pleased to report the regional vessel arrival statistics for 2016. "Continuing the upward trend over the last few years, December's activity finished strong to close out the year on a high note," said Exchange President Dennis Rochford.

According to Maritime Exchange records, 2,427 ships arrived at Delaware River port facilities in 2016. This compares to 2,242 arrivals in 2015, an 8.3% increase in vessel calls throughout the region.

"The Port of Wilmington is pleased to be participating in the overall vessel growth spike taking place on the Delaware River," said Eugene Bailey, Executive Director of the Diamond State Port Corporation. "Of significance were our container liner customers and tenants, Dole and Chiquita, each of which added a second vessel call to the existing weekly service. We expect the net annual bump of 78 ship calls for these two lines to continue throughout 2017."



On the import side, fruit ships saw the largest growth, increasing from 490 ships in 2015 to 577 in 2016, a 17.7% gain. At 474 arrivals in 2016, petroleum imports grew by 15.6% compared to the 410 ships the previous year. Containerized cargo rounded out the top Delaware River imports, with 431 ships offloading containers in 2016, compared to 381 in 2015, an increase of 13.1%. "This is partly driven by a busy holiday shopping season," Rochford said, "but all this activity also points to a stronger economy in general."

"2016 was a transitional year for the SJPC facilities as construction of the new Paulsboro Marine Terminal entered into the final stage and the transformative changes to the Broadway Terminal with the development of the Holtec Technology Center became realized," said Kevin Castagnola, Executive Director of the South Jersey Port Corporation. "Cargo activity remained strong during the past year, as steel, cocoa beans, recycled metals, wood products, and cement kept the terminals busy. Our New Jersey facilities in Camden, Paulsboro and Salem are poised to see significant growth in the number of ship calls and cargo tonnage in 2017 with the commencement of the ship and cargo operation at the Paulsboro Marine Terminal in February, the completion of the 45-foot channel deepening project, and technology enhancements at the Balzano Terminal."

While Delaware River ports have historically skewed strongly toward imports, the region also exported more maritime cargo in 2016 than in 2015. Vehicle exports jumped by 108%, ships carrying outbound petroleum grew by 81%, and outbound steel ships increased by 75% during the period.

Exports in the natural gas liquid segment remain strong, most notably ships carrying ethane from the Marcellus Shale. In 2015, only 6 ships moved export ethane, and that number jumped to 34 in 2016. Ships loaded with outbound containers also increased markedly in 2016 over 2015, jumping from 470 to 729. However, Exchange vessel records do not indicate the number of these containers loaded with cargo versus returning empties

The number of ship arrivals in 2016 brings the total near the level of 2008 of 2,473. "Overall ship activity decreased each year between 2009 and 2012," Rochford said. "It was only in 2013 that we began to see an upward trend, and we're now approaching pre-recession levels. This is very positive news not only for our port, but for the region as a whole."

Exchange helps members stay cyber safe

Your company recently installed the latest and greatest firewall. It implemented an intrusion detection and prevention system and installed antivirus programs on every machine. Your company blocks high risk websites and has a strict IT use policy. The company's network and data are pretty well protected, right?

Not necessarily. Effective cybersecurity is a complex challenge to which no single solution exists. And one of the biggest challenges facing IT personnel is stopping fellow staff members from opening links and attachments. Many network breaches occur because an employee took the bait in a phishing email, and to put it in plain English . . . let the bad guys in.

How can the Exchange help?

The Exchange has been in the business of protecting and promoting members' interests for over 140 years. Beyond its active government affairs program, Maritime On-Line® services, and 24/7 operational support, it also assists members through workshops, training, and affinity programs that address emerging regulatory, business, and technical changes.

To help members overcome one of the most pervasive and damaging cybersecurity challenges, the Exchange has partnered with Wombat Security Technologies to offer discounted online cybersecurity awareness training. Exchange staff has already taken several of the courses and has found the service extremely beneficial. "We reviewed a number of providers and chose Wombat for its user-friendliness, self-paced programs, and of course the cost," said Exchange IT Director Michael Fink.

Why is training important?

According to the IBM X-Force® Research 2016 Cyber Security Intelligence Index report, the transportation industry, including ocean shipping, ranked fifth as the most attacked industry in 2015. The index has also found that over 95 percent of all investigated incidents recognize human error as a contributing factor, and the most prevalent contributing human factor is clicking on an infected email attachment or an unsafe link.

"Cybercriminals can now buy or rent pre-packaged malware and release it via email as general or targeted attacks. It takes little to no expertise and is showing huge dividends for the bad actors," Fink said. "We need to train our staff to be vigilant — they have to be our human firewalls because hardware and software measures are not enough anymore."

The Wombat web-based training courses are self-paced, interactive, and teach employees email security, safe

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Interview with

Jeff Theobald

PRPA Chief Executive Officer and Executive Director



Jeff Theobald leads the Philadelphia Regional Port Authority, which is charged with management, maintenance, marketing, and promotion of publicly-owned port facilities in Philadelphia as well as strategic planning throughout the port district. Mr. Theobald joined the PRPA in August 2016. He has a forty-year career as a senior level executive in the maritime industry with global experience in port terminal management. Before joining the PRPA, he was President and CEO for Ports America Outer Harbor Terminal, LLC.

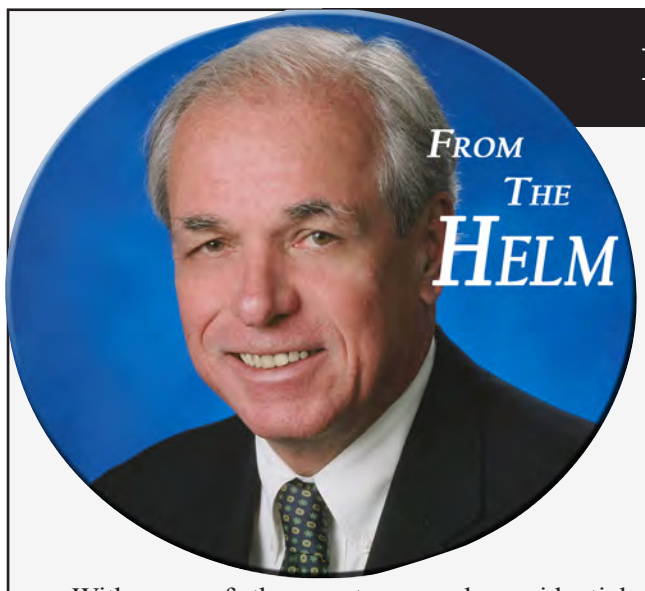
Q: Late last year, Pennsylvania Governor Tom Wolf announced a $300 million investment at the Port of Philadelphia. How will this funding benefit the port?

A: First, this investment by the Governor of Pennsylvania is one of the largest made by a state on the U.S. East Coast. It dramatically changes the way we do business. We are going to double container capacity at the port, increase breakbulk cargo capacity, and identify much-needed acreage for our growing automobile import/export business. Second, we will increase total employment at the port by a projected 70 percent in direct jobs. Ultimately, this investment better positions our facilities to handle new cargo due to the deepening of the shipping channel.

Q: The Packer Avenue and Tioga Marine Terminals and the automobile-handling operation will receive direct funding. What can you tell us about each facility?

A: About $200 million of the Capital Investment Program will go to Packer. The improvements there include four new electric super post-Panamax container cranes — three provided with this funding and an additional crane provided by the operator — the relocation of ware-

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How will the Trump presidency impact the maritime industry?

With one of the most unusual presidential campaigns in modern history behind us, people throughout the U.S., and for that matter the world, are watching closely to see how the Trump administration unfolds in the coming year.

The range of issues to watch will cover a broad sweep of policies covering national security, health care, jobs and the economy, immigration, and the ever-present concern regarding foreign and domestic terrorism.

This column will focus on several topics of importance to our industry, locally and around the country: promoting the maritime industry agenda with policymakers, investment in infrastructure, federal regulatory policies, tax reform, and trade.

First and foremost, our industry must work hard to ensure the Trump administration realizes how important port and related jobs are to the economy and to America's quality of life. There will be any number of trade associations engaged in this effort, and we need to be a part of this team. It is not that the Trump administration is unaware of the significance of the maritime industry, but as an industry, our positions on proposed policies that either advance or diminish the competitiveness and effectiveness of the maritime community must be heard.

Candidate Trump spoke to the need to invest in infrastructure, specifically mentioning highways, bridges, airports — and seaports. This is a good thing! We can expect an early proposal to Congress with the likelihood there will be bipartisan support for this initiative. We will monitor this and work with our Congressional delegation to keep the channel deepening project and related dredging activities, Aids to Navigation, agency resources, and truck and rail access to our ports front and center.

That Donald Trump has placed tightening our borders high on his list of priorities reflects his dual goal of preventing illegal immigration and keeping terrorists out of the homeland. We must take special care to watch that the president's immigration policies do not have unintended consequences for the already beleaguered seafarers who crew the ships serving our nation's ports.

Similarly, there's no doubt we'll need to pay close attention to any new policies affecting U.S. Customs and Border Protection and Coast Guard operations where the focus on border protection may divert resources from their roles to facilitate commerce at our nation's seaports.

President Trump's desire to reform taxes was well documented throughout the course of last year's campaign. Even before last November's elections, the House Republican majority was promoting its "A Better Way" blueprint, including a provision that would in essence subsidize exports. Not a bad idea until it becomes clear that this same plan would effectively implement a new tax on imported goods. The border adjustability tax, in essence, would allow companies that export goods to deduct a large amount of their expenses, while those that import would not receive the same benefit. In a recent Wall Street Journal interview, Trump dismissed the plan as "too complicated." We agree, but we also need to point out any effective growth for the U.S. in the global economy must involve both exports and imports.

Another hallmark of the Trump candidacy was the emphasis on jobs and the economy, and integral to this is the trade policy the Trump administration will pursue. President Trump wants to alter U.S. trade policy. On his second working day in office, Trump withdrew from the TransPacific Partnership. He is scheduled to meet with Canadian Prime Minister Justin Trudeau and Mexican Prime Minister Enrique Pena Nieto to discuss renegotiation of the North Atlantic Free Trade Agreement. We all agree in "free and fair trade" and realize the loss of manufacturing jobs because of changes in the global marketplace. However, proposed changes to our nation's trade policies must be fully debated and vetted.

To bring this debate back to the Delaware River port, consider the following. NAFTA effects trade with our two largest trading partners, Canada and Mexico. The free trade agreements the U.S. has with Chile and Peru allow for imports of fruits and other produce commodities from these countries, as well as exports from our country to theirs. Delaware River ports have moved Chilean fruit cargos in a safe and cost-effective way for more than 40 years. More than half of the Chilean fruit sent to U.S. markets travels through Delaware River ports, and this impressive amount of commerce has a vital economic impact on business, tax revenues, and family-sustaining jobs throughout the region. And cargo volumes from Peru are growing each year.

Further, South Korea (the Republic of Korea) is a major trading partner for steel imports coming to terminals along the Delaware River as well as the prefabricated steel plates sent to the Philly Shipyard to construct U.S. flag container and tanker vessels at the Philadelphia Navy Yard. This is largely made possible by the U.S.-Korea Free Trade Agreement.

The bottom line? There is a new President and administration in office. For the good of our port and the good of our country, we all need "to work to make it work."



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Penn Terminals: An old gem with a new shine

On the site of what was once one of the foremost shipyards in the country now operates one of the foremost U.S. multipurpose general cargo marine terminals.

Penn Terminals, Inc. is a privately owned 80-acre facility occupying a portion of the former Sun Shipbuilding & Drydock Company, one of the country's largest shipyards which operated from 1917 until it sold the last of its assets in 1989.

Though acquired by different owners over the years, Penn Terminals has operated under that brand since it first acquired the land in 1986. The current owners purchased the company in 2009 and brought John Brennan on as President and CEO in 2010.

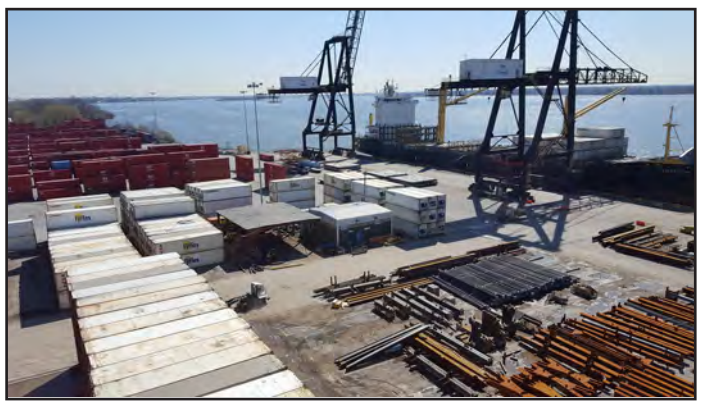
The new owners told Brennan that Penn Terminals was a diamond in the rough, "But it was a lot more rough than diamond," Brennan said. Among other deficiencies, facilities were aging, some buildings were dilapidated, and paved surfaces were greatly in need of repair. Since then, Penn Terminals has implemented a laundry list of improvements, including refurbishment of warehouses and using space which previously supported a water tower for cargo storage. In 2012, Penn Terminals completed renovations on a pre-WWII warehouse and expanded it to 200,000 square feet. The facility now boasts over 300,000 square feet of dry warehouse space.

Last year, the terminal handled 159 ships, a 10.4% increase over 2015.

"The strength of Penn Terminals is its multipurpose element," Brennan said. "If one cargo segment is weak, then other cargos may be stronger. Being able to swap to service different cargo segments is the key. A one-trick pony will have real problems in a weak economy."

Not one to mince words, Brennan knows what he's talking about. He joined Penn Terminals "right at the outset of the great recession." Not only did he have the challenge of leading his team during one of the most difficult economic environments in living memory, but he had to learn the ropes of a general cargo facility as he went along.

"I'd come directly from a post in Asia, where I spent most of my career, and my expertise was in containers," Brennan said.



Sol's container vessel, the "M/V Stadt Gera," delivering import melons to Penn Terminals in early January.

While breakbulk and project cargo operations might have been new to Brennan, they certainly have not been new to Penn Terminals. In addition to its current 240,000 TEU container capacity and 2,850,000 cubic feet of reefer space, the facility can handle up to 700,000 metric tons of break bulk cargo each year and has heavy lift capacity of up to 220 metric tons.

One of the key reasons for Penn Terminals' success, according to Brennan, is the Boilermaker workforce. "The Boilermakers recognize that we're running a business, and their work rules are favorable to achieve that goal," he said. He also noted that these work rules, such as hiring by the individual rather than the gang, allow Penn Terminals to satisfy customers and shareholders alike. "The Boilermakers are the 'secret sauce' that makes Penn Terminals work."

The facility is also somewhat unique in that Customs and USDA inspectors staff offices on the terminal. If inspections are needed, waiting times are minimal, according to the company's website.

"The on-site CFS [container freight station] also helps us move cargo more efficiently," Brennan said. "Trucker turn times are low, averaging two moves in under 30 minutes — and that's including pre-gate queuing time."

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Decades of changes keep MOL moving forward

The more things change, the more they stay the same. We all know the cliché, but for the Maritime Exchange and its Maritime On-line® suite of applications, it could not be more appropriate.

Initially developed in the 1980s through collaboration with the maritime community, the original MOL design and enhancement processes maintain the same user input today as they did then. "When we originally designed the TRACS cargo manifesting system, the Exchange asked a group of potential users to determine how to address regulatory issues and user needs at the same time," said Vice President Lisa Himber. "This input was invaluable in the formation of a system that is considered the epicenter for information dissemination and processing in the Delaware River region and beyond."

MOL consists of four primary modules that make up the core of the system, with each upgraded as needed to meet changing regulatory and user demands.

★ Ship Reporting – The vessel reporting system provides subscribers with current, advance and historical vessel schedules and reports — the same information the Exchange has provided since the 1870s. Recent enhancements include a custom report tool that allows users to create reports on demand, the ability to track assist tug information, and additional cargo reporting data.

★ NOA/D On-Line – The notice of arrival/departure module provides the capability to create and submit pre-arrival ship detail and crew manifests to the Coast Guard to meet regulatory requirements. The Exchange has made numerous changes as the Coast Guard modified its Ship Arrival Notification System. One upgrade of note was the introduction of the fields from the I-418 form, which, when coupled with a CBP policy change the Exchange helped broker, eliminated the need for carriers or their agents to file paper crew lists. Additional upgrades included providing crew list print functionality and modifying the port lookup functionality to streamline data entry — both requested by system participants.

"The Exchange's NOA/D On-Line module allows us to serve our customers in a fast and efficient manner," said Daniel Van Duzer, General Manager at Moran Office of Maritime and Port Security. "The portal and support are available 24 hours a day, and the Exchange routinely makes upgrades to improve the system."

★ TRACS – TRACS allows users worldwide to create and submit cargo manifests and stow plans to Customs and Border Protection to meet reporting rules. In addition, the system is accessible to terminal operators, Customhouse brokers, and others who have a need to review manifest details and cargo status and release information to facilitate cargo delivery.

"Since opening our doors in 2009, we have utilized the TRACS system to provide quality service to our clients," said Braden Logistics Owner Ashly Stephens. "The system is easy to navigate, and when regulatory changes are made, TRACS offers a smooth transition as to not detract from the efficiency of the program. In this fast paced industry, quick turnaround is a must, and the TRACS support team is readily and quickly available when needed."

Like MOL in general, TRACS is updated regularly as needs change. Exchange Director of Operations Paul Myhre detailed some of the recent changes. "Historically, TRACS was a locally installed application," he said. "We migrated this to an online platform, incorporated it with other modules of MOL, and addressed regulatory changes including the ability to file stow plans and the importer security filings. When CBP migrated from the Automated Manifest System to the Automated Commercial Environment, the Exchange was at the forefront of adoption, participating in the original pilot program."

★ Automatic Identification System – AIS offers real-time vessel position data with enhanced mapping capabilities, the option to display nautical chart information provided by the National Oceanic and Atmospheric Administration, and the ability to create logical alerts around locations or vessels.

The only AIS of its type in the country, the Exchange AIS provides position, schedule, cargo, and crew information through a single portal.

"These are just a few of the changes made over years with the input of system users producing a robust platform with a host of benefits," Myhre said. "While many changes made are to meet regulatory requirements, MOL is and always will be a community-based system."

Maritime On-Line is a continually evolving platform. Some improvements are visible to users, such as changes to the functionality, and others, like hardware and infrastructure upgrades, are transparent. Yet all are necessary to support the system that allows the Exchange to help facilitate maritime commerce.

Contact Paul Myhre at pmyhre@maritimedelriv.com or 267-670-7954 for more information about Maritime On-Line.



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For more information on the many benefits of an Exchange membership, contact Beverly Ford at 267-670-7946 or bford@maritimedelriv.com.

Out for a stroll with a grande dame



Exchange staffer Laura Miller had the opportunity to tour the "S.S. United States" on a balmy January day. The ship has captivated the local community since she first docked in Philadelphia in 1996. In 1992, she was listed on the National Register of Historic Places even though she was less than fifty years old because of her "compelling national significance." Most significantly, the "United States" attained an amazing 36 knots on her maiden voyage in 1952, a speed record she holds to this day. Today, she is on even keel at Pier 82, and the S.S. United States Conservancy remains confident that this national treasure will be saved.

Anticipating 45 feet: A celebration of patience leading to prosperity



Ed Voigt of the U.S. Army Corps of Engineers Philadelphia District recently captured the backhoe excavator dredger "New York" working in tandem with the drill barge "Apache" in the removal of rock fragments near Marcus Hook, Pa.

For the Delaware River maritime community, 2017 is full of promise. Ship arrivals are trending upward, and the economy is strong. As we begin a new year, the entirety of the regional port community is aware of a subtle albeit growing realization that the long-awaited hope of a deeper channel is close to becoming reality.

Jeff Theobald, CEO and Executive Director of the Philadelphia Regional Port Authority said, "We are moving full-speed ahead on the channel-deepening project and reaching the culmination of 25 years of hard work by so many people in both the public and private sectors. The supporters of this project never wavered from the belief that we need deeper water to remain competitive and to attract new cargo arriving at our facilities on larger vessels. It's a thrill to see this nearing completion." PRPA is the local sponsor of the 45-foot Main Channel Deepening Project

Seven of the ten contracts deemed necessary to finish deepening the main channel to 45 feet have been successfully completed. Work on contract number eight near Chester and Marcus Hook, Pa. and Claymont, Del. is ongoing. Comprised of rock removal within Reach B of the channel, this work resumed in December of 2016 and proceeds through the close of the second environmental window in mid-March 2017.

"The completion of the 45-foot project is a step toward the modernization of the existing federal navigation channel which will allow

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THE BEACON

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Consider "Privileges" When Conducting Investigations

Legal Ease

By: Jeffrey S. Moller, Esq.
Blank Rome LLP

Companies in the maritime industry routinely investigate accidents and near-miss situations, due to the widespread recognition that careful examination of the root causes of such incidents can help to prevent future occurrences. Investigations help to identify faulty procedures, defective equipment, and inadequate training, and investigating is now a critical part of the job for vessel officers, shoreside safety managers, and company executives.

Importance of Conducting Investigations

No capable attorney would advise a client to refrain from conducting accident or near-miss incident investigation. For one thing, strict adherence to the requirements of the investigation section of the company's operations manual, the ISM code, or the AWO Responsible Carrier Program may be important in defending future litigation to prove that "due care" was exercised.

It may also be important in maintaining qualifications to perform customer work or in adhering to covenants and conditions of insurance policies or charter parties. And the worst mistake that can be made is to fail to secure and preserve evidence or, worse, to fail to prevent the destruction or alteration of evidence relevant to the occurrence of an accident. So called "spoliation" of evidence can lead to dramatic results in litigation, including being stripped of defenses or having a jury instructed to disregard all of your other evidence as being untrustworthy.

Attorney Work-Product Doctrine

Any lawyer who does maritime tort work, such as personal injury, property damage, collision, or oil spill cases, is nevertheless dismayed when presented with a client's file that contains damaging admissions of fault in an investigation report. "If only you'd have called me when the accident happened," he or she says to the client, "I could have conducted an investigation that would have been protected from disclosure to other parties as 'attorney work product.'"

The protection against having to disclose material created during an investigation conducted in anticipation of litigation was first recognized in a maritime case. Samuel Fortenbaugh, of Philadelphia's gone but not forgotten Clark, Ladner, Fortenbaugh and Young, was nearly tossed into jail for contempt of court for refusing to obey a federal judge's order to turn over his notes of statements he took from the crew of his client's tugboat. Fortunately, that judge was overturned on appeal, leading the U.S. Supreme Court, in *Hickman v. Taylor*, to give its blessing to Mr. Fortenbaugh's theory.

As a result, the Federal Rules of Civil Procedure were amended to incorporate the attorney work-product doctrine in the discovery rules applicable to all federal cases. The general rule is that materials and information gathered by a company's representative, including its attorney, consultant, or agent, if gathered in anticipation of litigation are not discoverable by the opposition. Even if a compelling need is shown for the discovery of those materials, such as the complete unavailability of certain information by other means, the mental impressions, conclusions, opinions, or legal theories of the attorney or other representative must be protected.

Attorney-Client Privilege

Most sophisticated companies in the maritime industry and elsewhere recognize that getting an attorney on the



scene to preserve and protect evidence and information is important when an accident is likely to lead to a lawsuit. That is because the well-known but often misunderstood attorney-client privilege might serve as an additional obstacle to the ultimate discovery of harmful statements or evidence.

The attorney-client privilege is different from the work-product doctrine in important ways. First, except in limited circumstances, such as the furtherance of fraud or criminal conspiracy, the privilege is absolute. Whether litigation was anticipated or whether the other side needs the information, statements made by clients to attorneys in the context of seeking legal advice are confidential and cannot be compelled to be revealed.

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Mattioni Awarded "Spirit of the Port"



Eugene Mattioni, Esq., Maritime Exchange Director and shareholder at Mattioni, Ltd., was chosen by the Seamen's Church Institute of Philadelphia and South Jersey to receive its 2017 Spirit of the Port Award, given annually to an individual who epitomizes the spirit and humanity of the regional port community.

"I knew about Eugene's philanthropic support before I came to SCI, and indeed, he was one of the first people to come and meet me and offer his support of our work serving the seafarer community," said Helene Pierson, Executive Director of the Seamen's Church Institute.

Capt. David Cuff of the Pilots' Association for the Bay and River Delaware, incoming SCI Board President, said, "It is an honor to be presenting Mr. Mattioni with the Spirit of the Port award. He has served the port of Philadelphia for over 40 years and continues to support the Seamen's Church Institute of Philadelphia and South Jersey."

A tireless advocate for the maritime community, Mattioni holds many appointed positions and has received numerous maritime recognitions. Not only does he serve on the board of the Exchange, he was appointed to the Navigation Commission for the Delaware River and its Navigable Tributaries. He also served on the Executive Board of the Seaman's Church Institute and as Vice Chairman of the Chapel of Four Chaplains, earning its Bronze Medallion. He is a founding member of the Maritime Academy Charter School and now chairs its board. And he is a past recipient of the Ports of Philadelphia Maritime Society "Person of the Year" award, which recognizes outstanding achievement in the maritime industry.

"When I received a telephone call from Ray Heinzelmann, I at first thought he wanted to have lunch as we had in the past. Instead he very pleasantly surprised me when he said that the SCI board and staff had selected me for the Spirit of the Port award," Mattioni said. "It was a great honor just to be considered, but to be selected was a very, very great honor — particularly since my lifelong mentor and friend Dante had also been a recipient of this prestigious award.

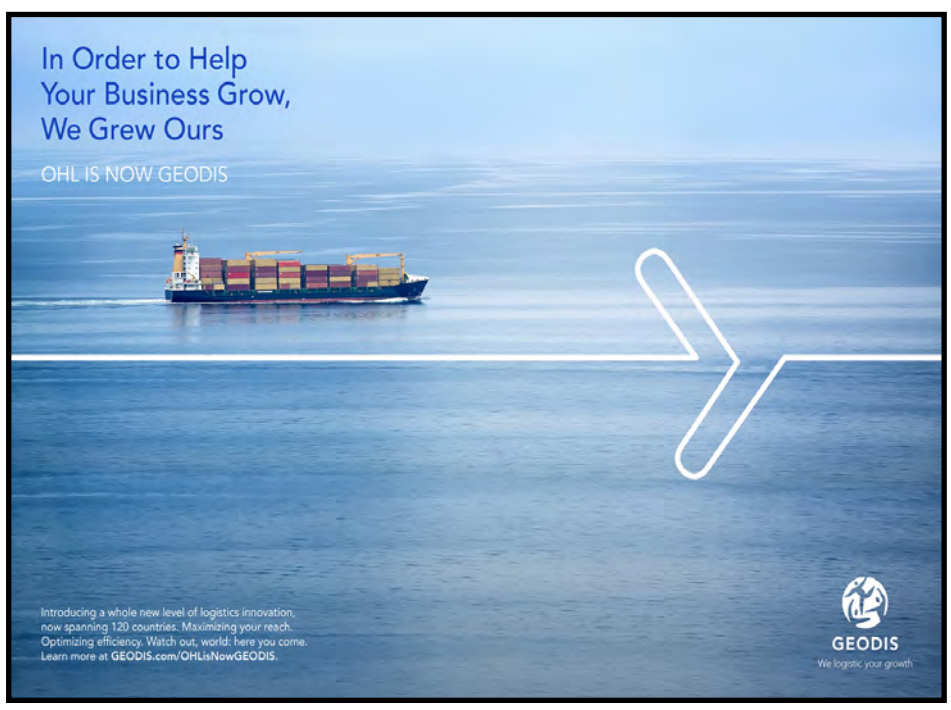
"I extend my thanks and appreciation to Executive Director Helen Pierson, chaplains and ship visitors, volunteers, and members of the board — all have been my friends for these many years."

Mattioni attended the U.S. Merchant Marine Academy, where he graduated with honors. He is a licensed master mariner and was a member of the U.S. Naval Reserve. He attended Georgetown Law School, joined Mattioni, Ltd., and became a partner along with his brothers, Dante, Blasco, Faustino, and John. He has practiced law for over 40 years.

Always staying involved, Mattioni continues to support his alma mater and numerous other organizations. He is a past president of the Philadelphia Chapter of the USMMA Alumni Association and received the USMMA Meritorious Alumni Service and Outstanding Professional Achievement Awards. He is also a member of the Justinian Society, Saint Thomas More Society, Maritime Law Association, and the Ports of Philadelphia Maritime Society.

"We all must take some part of our life to helping others, extending a hand in kindness and friendship," Mattioni said, "and that is what SCI is all about, since receipt of my very first ditty bag aboard the 'SS African Dawn,' Farrell Lines, in 1959 as a cadet midshipmen in the Port of Monrovia, Liberia. Many thanks to everyone."

The luncheon takes place on March 3 at the Hilton Philadelphia at Penn's Landing. For ticket information, contact Christine Polit at 215-940-9900 ext. 104 or email cpolit@sciphiladelphia.org. Visit www.sciphiladelphia.org for more information about SCI.



LNG Bunkering in the Philadelphia region

By: CAPT Benjamin Cooper
U.S. Coast Guard
Sector Delaware Bay

In my conversations with maritime stakeholders throughout the region, I often get asked "When is LNG coming to the Delaware River?" Well frankly, I don't know.

I've heard discussions and seen some early plans from various entities regarding LNG bunkering and export, but none of them has moved too far forward — yet. But, I've also seen the news stories and presentations about LNG bunkering in Jacksonville, Port Fourchon, and overseas, and I understand some of the economic, regulatory, and real estate drivers that make LNG bunkering here in the Delaware River a considerable possibility. There's no doubt that LNG as fuel is coming to the maritime community. But, it's a classic case of chicken or the egg. Which do you build first — the ships that use LNG, or the gas stations to provide LNG to those vessels?

On 1 August 2012 the North American Emission Control Area came into effect, bringing about stricter controls on emissions of sulphur oxide, nitrogen oxide, and particulate matter for ships trading off the coasts of Canada and the United States. Marine diesel engines installed on ships constructed on or after 1 January 2016 are required to comply with the more stringent Tier III NOx standard, when operated in a designated NOx ECA. To meet Tier III requirements, vessel operators may consider other options such as dual-fueled (gas and liquid) capable engines that can be operated with LNG as fuel. As more ships are built throughout the world that can utilize LNG to meet these standards, the more compelling the case becomes for LNG bunkering capability here on the Delaware River.

The Marcellus and Utica shale fields in Pennsylvania, West Virginia, Ohio, and New York reportedly contain almost 180 trillion cubic feet of natural gas. Pipelines exist to bring natural gas to the Philadelphia region, and other pipelines have been proposed to increase that flow. From a proximity standpoint, the Delaware River is a commonsense outlet for this highly desirable natural resource.

Like all early adopter situations, bringing LNG bunkering to a new port is a complicated endeavor. There are regulations to follow, studies to complete, filings and outreach efforts to make, real estate and waterfront improvements to carry out, and stakeholders to satisfy.

A local workshop

Recognizing these concerns, I asked the Maritime Exchange to work with us to host an LNG bunkering workshop to bring folks together, explain some of the regulatory process, and hear about LNG bunkering successes and challenges elsewhere. I'm pleased to note that on April 7, 2017, we'll host a Delaware River Liquefied Natural Gas Bunkering Workshop.

We'll bring in experts from industry and the Coast Guard Liquefied Gas Carrier National Center of Expertise, provide information on LNG bunkering projects, present information on policies, procedures, and requirements, and sponsor a panel of speakers to discuss LNG bunkering operations lessons learned. I hope the workshop provides a great venue for the port community to share information, address concerns, and make connections regarding this important subject.

Please join us on the 7th of April!

Moving on . . .

On a personal note, I'm now in the 4th quarter of my two-year assignment as the Commander of Coast Guard Sector Delaware Bay. Later this spring, I will transfer to USCG Headquarters to serve as the Deputy Assistant Commandant for Capabilities.

Over the eight total years I've been in Philadelphia, I've had the distinct pleasure of meeting many members of the port community and grown in my understanding of



how the Coast Guard partners with many organizations to complete our missions and balance service to the nation, marine safety, security, environmental stewardship, and maritime commerce. It is not always easy to strike the right balance, but I'm hopeful that our Coast Guard men and women have always been willing to listen and have treated you with courtesy, professionalism, and respect.

CAPT Scott Anderson, who is our current Deputy Sector Commander, will relieve me as the Sector Commander and Captain of the Port later this year. He is very talented and well qualified to lead the Sector team, and I hope you welcome him as openly as you've welcomed me.

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Baby its cold outside!

SCW seeks coat and clothing donations

By: Joan Lyons, Executive Director, Seamen's Center of Wilmington

On a daily basis, our staff and volunteers see seafarers arrive at the Seamen's Center of Wilmington who are ill prepared for the cold weather. Oftentimes the men join a ship without knowledge of where they will be travelling. Whatever the reason, it is hard to see men walking through our door with a long-sleeved tee shirt and no sweater or coat when the weather is bitterly cold.

SCW is fortunate to have the attic space for storage of clothes. We give away gently used (and sometimes new) clothes all year long, but the need for warm clothes is always most urgent.



Jairo and Carlos, who sail with the "M/V Chiquita Trader," proudly wear their new sweatshirts, donated to SCW by Concord Presbyterian Church.

If you are cleaning closets, please keep seafarers in mind. Or make it a company event! Dole Fresh Fruit and Royal Pest Services have held coat/sweatshirt drives within their companies that provided quite a bounty for our closet.

We need sizes medium, large, and extra large. Clothes that can be layered — turtlenecks, sweaters, sweatshirts, sweatpants, and heavy coats — are ideal. Warm gloves, hats, and even raingear are always most appreciated!

On the other hand, please do not donate dress clothes as these will just go to waste.

You can drop donations at the Center, which is located just within the gate at the Port of Wilmington. Our hours of operation are:

Monday – Thursday, 0900 – 2100
Friday, 0900 – 1600
Saturday 1200 – 1700
Sunday, 1300 – 2100

Note that the Center schedule will vary depending on ships in port. Please contact us at 302-575-1300 or scw@scwde.org to check the schedule and arrange for a TWIC escort if needed.

Thank you on behalf of the many seafarers who visit Delaware ports each year!



Our Swedish National Treasures

I first learned about the American Swedish Historical Museum during the hot summer of 2001. As my ship agency, Rice Unruh Reynolds, was getting ready to receive Sunoco's "Stena Vision" for the first time on the Delaware River, we were asked to arrange a gala lunch on the pier at Fort Mifflin on the day the ship was to arrive. The only problem was the ship still had to load in West Africa, transit the Atlantic, lighter at Bigstone Beach, and finally transit the Delaware. Being good ship agents, we got the date right (a good guess) and set the lunch for August 3, with every available tractor trailer with massive air conditioning units backed into the tent for relief from the blistering 103-degree heat. Fortunately for us and a lot of other people, the largest ship to ever transit the Delaware River headed upriver early that morning with an ETA of mid-morning on the 3rd.

Two of the dignitaries to attend the event were the Swedish owners of Stena, Dan Sten Olsen and his wife, Jane. When they arrived at my office early that morning, they asked to be taken to the American Swedish Historical Museum in Franklin Delano Roosevelt Park in South Philadelphia. Fortunately my secretary, Nancy Bjorkner, had Swedish ties and knew exactly where it was located, as I did not.

Our visit to the oldest Swedish-American museum in the United States was outstanding. It is located on part of a historic 17th-century land grant originally provided by Queen Christina of Sweden to settlers of New Sweden.

The formal public dedication of the Museum was on June 28, 1938, coinciding with the 300th anniversary of the Swedish settlers' arrival on the Delaware shores. Swedish Prince Bertil and Crown Princess Louise were part of the royal guests who dedicated the museum. The building's design is based on Ericsberg Castle, a 17th-century manor house in Sodermanland, Sweden. John Nyden, a Swedish-American from Chicago, was the architect, and he combined Swedish and American elements by modeling exterior arcades on those of Mount Vernon. A visit to this national treasure is not to be missed.

Another easy visit is the Old Swedes' Church on Columbus Boulevard. It is also known as Gloria Dei Church, and the present building was consecrated on July 2, 1700, making it the oldest church in Pennsylvania and a National Historic Site.

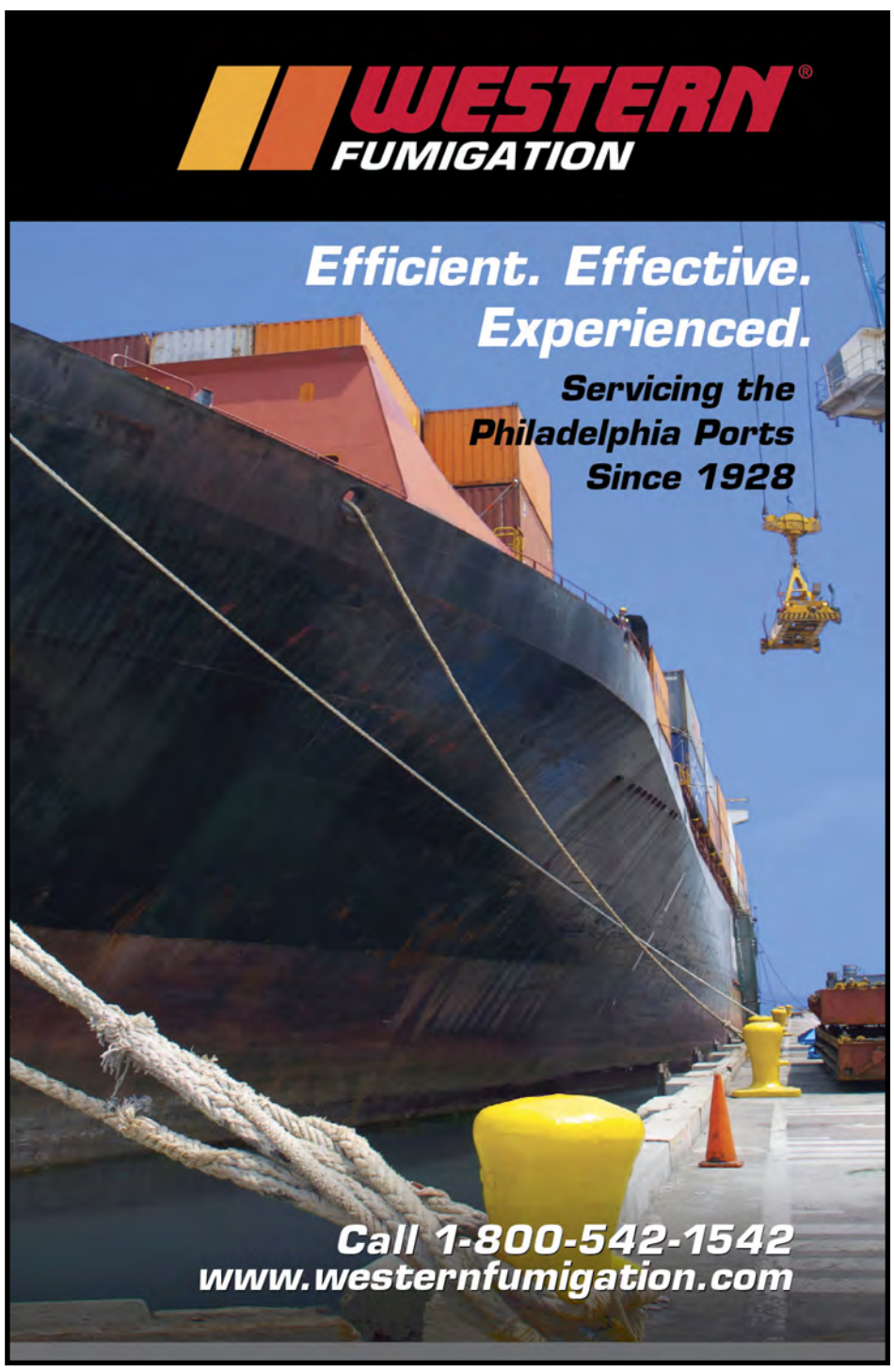
This too was a treasured memory for the Olsens. Gloria Dei traces its roots to the church on Tinicum Island that was dedicated in 1646. As a merchant mariner, I was particularly drawn to the plaque in the church honoring the 34 men who lost their lives on October 25, 1980, when the "SS Poet" sank after sailing the Delaware River.

While the list is certainly longer, I could not close without mentioning Delaware's national treasure, the "Kalmar Nyckel," the official tall ship of Delaware. Launched on September 28, 1997 from a shipyard in Wilmington near the original 1638 Swedish settlers' landing site at Fort Christina, she is Delaware's seagoing ambassador both at home and at many ports of call. The "Kalmar Nyckel" is a replica of the original ship that arrived in Delaware in March of 1638. The ship is magnificent, and a cruise out of Lewes, Delaware is not to be missed.

Needless to say, Sweden has close ties to the Delaware River area. In fact Wilmington, Delaware is a sister city to Kalmar, Sweden. I encourage readers of *The Beacon* who live and work in the area — or those who come to our region to visit — to take time to see these many national Swedish treasures.







Wolf announces $300M for Philadelphia ports

Last fall, Pennyslvania Governor Tom Wolf announced a comprehensive Capital Investment Program at the Port of Philadelphia that will result in more than $300 million in investment in the port's infrastructure, warehousing, and equipment. This initiative will start this year and continue through 2020.

"This capital investment program will give the Port of Philadelphia the tools it needs to improve its competitive position and create thousands of family-sustaining, middle class jobs while increasing state revenues," Gov. Wolf said. "With its major economic impacts throughout the state, my administration understands the value of Pennsylvania's port asset in Philadelphia."

The program, ranking among the largest investments by a state on the east coast, will boost three of the busiest sectors of the Port of Philadelphia, including Packer Avenue Marine Terminal, the port's automobile-handling operation, and Tioga Marine Terminal.

"I thank Governor Wolf for this significant investment, and I look forward to working with him and the PRPA to see that this financial support leads to thousands of family sustaining jobs for Philadelphians," said Philadelphia Mayor James F. Kenney. "This is a tremendous opportunity for our city."

These improvements will double container capacity at the port, provide increased breakbulk cargo capacity, and bring a substantial increase in automobile-handling capacity. A total direct job increase of 70 percent is projected from the current level of 3,124 to a projected 5,378 direct jobs. Total employment at the port will also increase, from 10,341 to 17,020, and state and local tax revenues generated will increase from the current $69.6 million to $108.4 million annually.

About $200 million of the Capital Investment Program will be invested in the Packer Avenue facility, as outlined in a separate interview with PRPA CEO & Executive Director Jeff Theobold on page 1 of this newsletter.

"Our thanks to the Governor for his belief in the ability of the port to grow and compete," said Tom Holt, Jr. of Holt Logistics, the parent company of Greenwich Terminals, LLC, which operates the Packer Avenue terminal. "These capital improvements, which we'll complement with our own additional improvements, will allow us to serve the world's ocean carriers, and the customers those carriers serve, better than ever before. It will also position us as one of the fastest growing container ports on the east coast."

The port's automobile import/export facility, which currently processes 150,000 cars and employs more than 300 direct workers, will receive about $90 million from the program. Since 2010, Glovis America has been the main customer of the port's auto processing facility, bringing Hyundai and Kia automobiles for eventual distribution to dealerships throughout the region.

Improvements will include the addition of 155 paved and fenced acres above the flood plain at the port's Southport site, the conversion of the former seaplane hangar at Southport into a second auto-processing site, enhancements at the main auto-processing site at Pier 98 Annex, and the establishment of a framework that provides flexibility for use of the land the port needs for containers and automobiles, as determined by market demands.

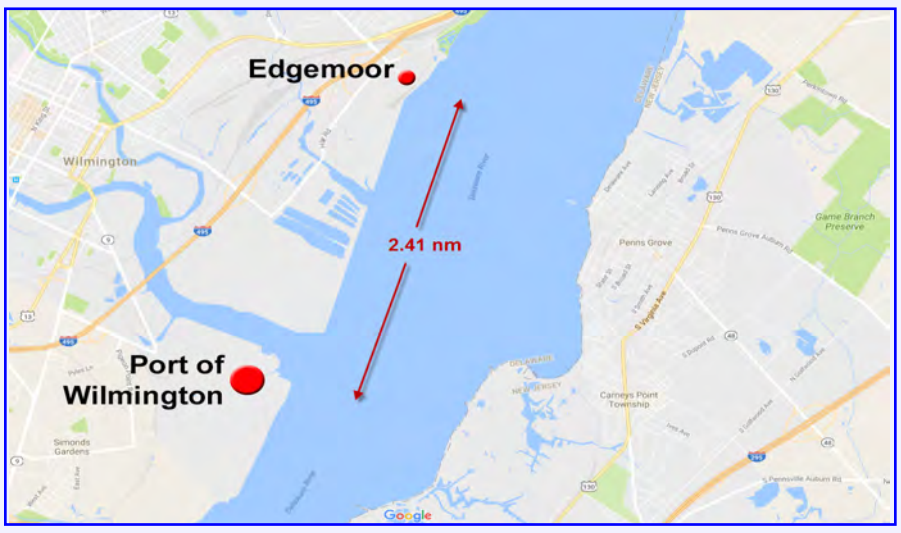
Tioga Marine Terminal will be the third beneficiary of the Capital Investment Program. An investment of $12 million is earmarked for improvements to the main on-dock warehouse that has been successfully processing Brazilian wood pulp cargoes since 2014. A second warehouse at Tioga will be converted into a food-grade warehouse, allowing the port to increase its wood pulp volumes to meet current and future demands. Improved rail access and the purchase of a second mobile harbor crane will also add capacity for the terminal.

"Tioga Marine Terminal will have a great future because of these capital improvements," said Robert Palaima, President of Delaware River Stevedores, which operates Tioga Marine Terminal. "Tioga has always had the reputation of being able to recreate itself to meet the needs of the marketplace and to address cargo opportunities that present themselves, and these improvements will allow us to continue doing that and more effectively. They will also allow us to better serve long-term customers that have made Tioga Terminal their home."

This capital investment program provides an alternate, more efficient and expeditious solution to reach the port's goals as embodied in the recent Southport RFP: growing container capacity, accelerating job creation, and capitalizing on the river dredging ensuring that the port will be competitive and positioned for growth immediately.



POW to acquire new site at Edgemoor, Del.



The Diamond State Port Corporation recently announced an agreement with the Chemours Company for the Port of Wilmington to purchase the former 114-acre Edgemoor site on Hay Road, located to the north of the port's existing facility.

"[This] announcement is great news for Delaware's economy. The Port of Wilmington has been a source of good-paying, middle class jobs for thousands of Delawareans and their families," said Delaware Governor John Carney, who previously served as Delaware's lone Congressman and was inaugurated on January 17. "But, the current port is near capacity, and with larger ships coming up the east coast, we need this space to compete for their business."

The agreement also has the support of the port's major labor union.

"Today is a great day for our entire port community," said William Ashe Jr., Vice President of the International Longshoremen's Association, said of the announcement. "The purchase of this property will provide the additional space required to support our existing customers and allow for increased work for our membership."

Senior Senator Tom Carper agreed. "The purchase of the Edgemoor property by the Port of Wilmington is an investment that is critical to growing our region's economy," he said. "Making investments in transportation and infrastructure like this one create a nurturing environment for job and economic growth, which Delaware needs to remain competitive going forward."

This spring the DSPC released a strategic plan that concluded that expansion is vital to the port's long-term survival. It also detailed the taxpayer cost of maintaining the current facility at $300 million over the next twenty years to sustain existing businesses and their anticipated growth. The plan provided several scenarios for long-term growth, which the port board endorsed, including the development of the Edgemoor site.

"The focus of securing tens of millions of dollars for the Delaware River deepening project was to create opportunities just like this one," according to Delaware Senator Chris Coons. "This is outstanding news for Delaware primarily because of the creation of well-paying jobs and subsequent strengthening and expansion of the middle class."

The sale is expected to close in early 2017. The agreed sale price is $10 million.

Griffin takes the conn at MAC



Incoming MAC Chair Stuart Griffin is an avid photographer. Recently, he captured a shot of the inbound Del Monte reefer/container vessel "Luzon Strait" meeting the outbound container vessel MSC "Algeciras" off Cape Henlopen on a crisp December day.

The Mariners' Advisory Committee for the Bay and River Delaware isn't just the oldest U.S. harbor safety committee, it's also the grandest.

Once each quarter, mariners, port agencies and associations, and their government partners gather at La Veranda, a premier Italian restaurant overlooking the Delaware River at Pier 3 where the executive chef was a previous cook for His Holiness, the Pope. During the first half of the meetings, MAC members discuss aids to navigation, mapping and charting, and the host of other issues that matter to the local port community. The remainder of the time — often when the real work gets done — is spent networking and promoting good fellowship over fine food and drink.

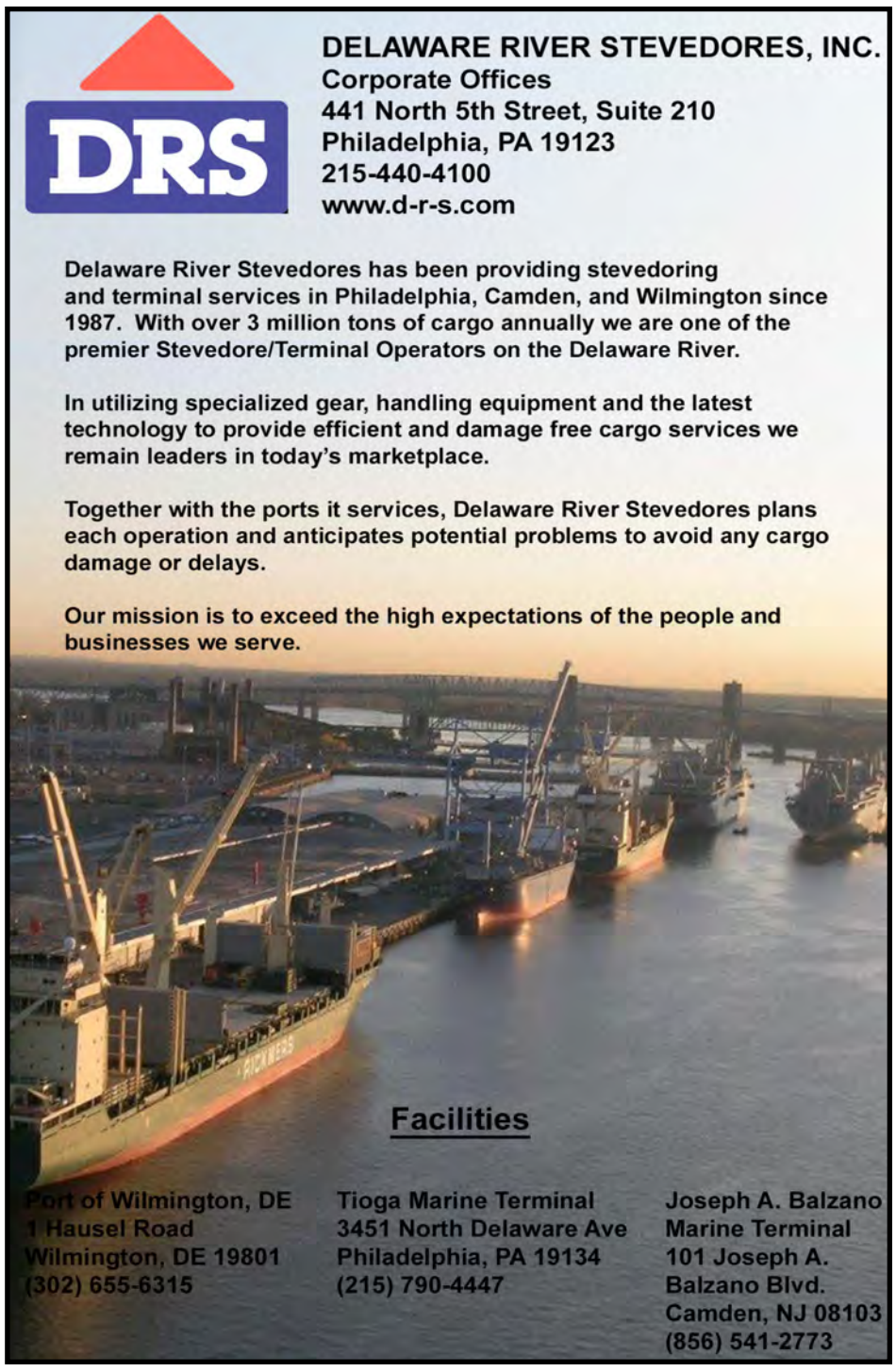
At its December 2016 meeting, Capt. J. Stuart Griffin took the helm of the MAC from Capt. Jonathan Kemmerley, who had held the chairmanship for two years. "Leading the MAC has been an incredibly educational experience," Kemmerley said. "I've gotten to know many people I might not otherwise have met, and we've solved several real problems." Foremost among these was working with the Coast Guard to restructure the anchorages to create more usable space. Coast Guard District 5 designed and is implementing a new ATON system in conjunction with the anchorage redesignation to update for and reflect the upcoming 45-foot channel.

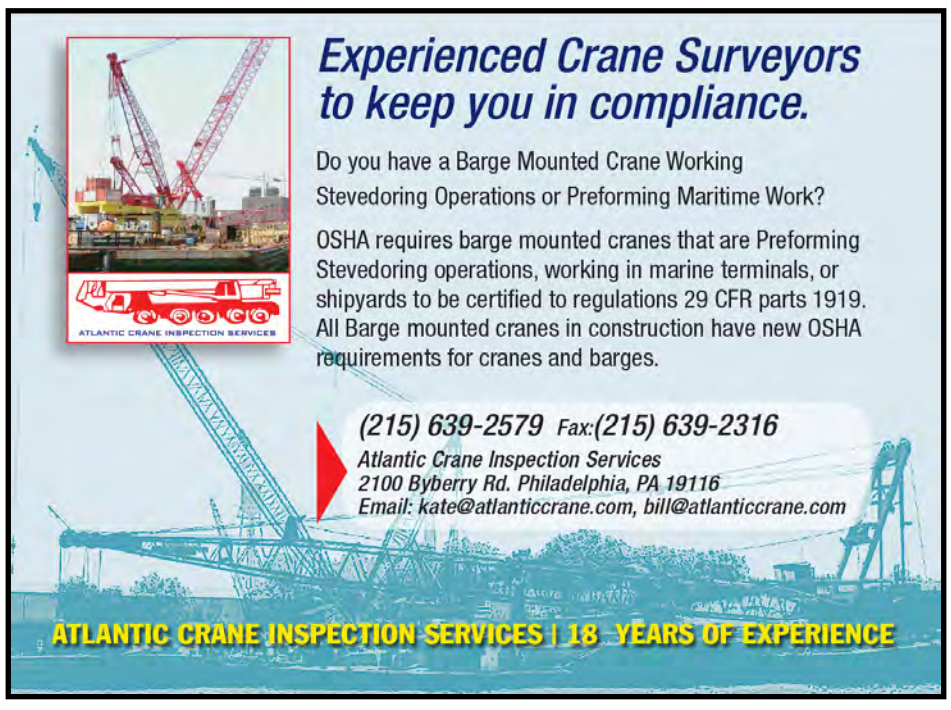
The MAC by tradition is chaired by a member of the Pilots' Association for the Bay and River Delaware.

Griffn has spent more than two decades piloting the ships moving through the Delaware River and the C&D Canal. Born and raised in Delaware, he graduated from SUNY Maritime and worked on research, military, and cargo vessels before joining the Pilots' Association in 1994. He lives in Delaware with his wife, Krista, and their son Max.

"I am looking forward to furthering the work Jon and his predecessors have started and working with MAC members to identify additional opportunities for improvement within our tristate port system," Griffin said.

The next MAC meeting takes place on March 9, 2017. Visit www.macdelriv.org for more information.









We are Homeland Security Investigations, Philadelphia

By: Special Agent in Charge Marlon V. Miller
Homeland Security Investigations, Philadelphia
U.S. Immigration and Customs Enforcement

The Homeland Security Act of 2003 set into motion what would be the single largest government reorganization since the creation of the Department of Defense. One of the agencies in the newly created Department of Homeland Security was the Bureau of Immigration and Customs Enforcement, now known as U.S. Immigration and Customs Enforcement, or ICE.

Homeland Security Investigations is designated as the investigative arm of ICE, and, with thousands of Special Agents, intelligence analysts, and support staff throughout the world, is a vital U.S. asset in combating transnational criminal organizations who illegally exploit America's travel, trade, financial, and immigration systems.

HSI Philadelphia is comprised of nearly 200 federal agents, intelligence analysts, and professional administrative staff assigned to six HSI offices throughout Pennsylvania, West Virginia, and Delaware. HSI special agents protect national security and enforce customs and immigration laws by conducting criminal investigations in various mission areas. The agency is responsible for investigating a wide range of domestic and international crimes arising from the illegal movement of people and goods into, within, and out of the United States.

HSI enforces over 450 federal statutes and concentrates on investigations of human smuggling, narcotics smuggling and trafficking, illegal exports of weapons and other types of sensitive technologies, financial crimes, commercial fraud and intellectual property theft, and cybercrime.

HSI Philadelphia plays a key role in maintaining the safety and security of the United States through engagement in investigations that relate to international trade and commerce, financial markets, industrial compliance with strategic U.S. interests, and immigration and border integrity. HSI uses its unique customs and immigration law enforcement authorities to identify, disrupt, and dismantle criminal organizations and other threats. It also works to deprive potential terrorists and transnational gangs from employing smuggling networks and methods to further their crimes against the United States.

The Delaware River and Bay ports are critical resources to national and local commerce. HSI and our local, state, and federal law enforcement partners are vested in securing our ports.



Seaports within the greater Philadelphia and Delaware areas fall within the investigative jurisdiction of HSI Philadelphia's Border Enforcement Security Task Force an initiative to identify, disrupt, and dismantle transnational criminal smuggling organizations that seek to exploit vulnerabilities along U.S. borders. HSI Philadelphia's BEST works to foster a collaborative partnership with federal, state, and local law enforcement agencies, as well as key private sectors that maintain engagement with Philadelphia's seaports.

Training staff on cyber

continued from page 1

web browsing, mobile app and device security, proper password creation, fraudulent web address identification, and a host of other topics. Administrators assign courses to employees, review progress, and identify areas for additional or repeat training.

Wombat also provides a customizable knowledge assessment tool, called CyberStrength, which contains a library of questions across several subject areas that security officers can use to help evaluate a person's cybersecurity knowledge. Administrators can also initiate simulated social engineering attacks to likewise identify areas for improvement. Through customizable phishing emails, administrators test employees' proficiency at identifying potentially harmful messages, links, and attachments.

"We've been using it for over a month, and I find the self-paced lessons very useful and informative," said Office Administrator Donna Stargell. "Because the courses are interactive and spread out over a period of time, it's a better learning experience than being assigned reading material or attending a one-time seminar."

For more information or to arrange a demonstration of the discounted cybersecurity awareness training program, contact Michael Fink at 267-670-7953 or mfink@maritimedelriv.com. To take advantage of the many other benefits an Exchange membership offers, contact Beverly Ford at 267-670-7946 or bford@maritimedelriv.com.

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Westway Group announces corporate rebranding, changes name to Contanda

Maritime Exchange members Westway Group LLC announced a company name change to Contanda LLC. The new name captures the journey that the company has embarked on as it transforms the organization into a major provider of bulk storage and terminalling services with expanded product lines and markets.

G.R. (Jerry) Cardillo, Contanda President and CEO, said, "Building on the proud 60-year history of this company, we are excited to continue our transformation with this rebranding. Moving forward, the Contanda brand will provide the organization with a new and more accurate identity, furthering our expanded growth strategy."

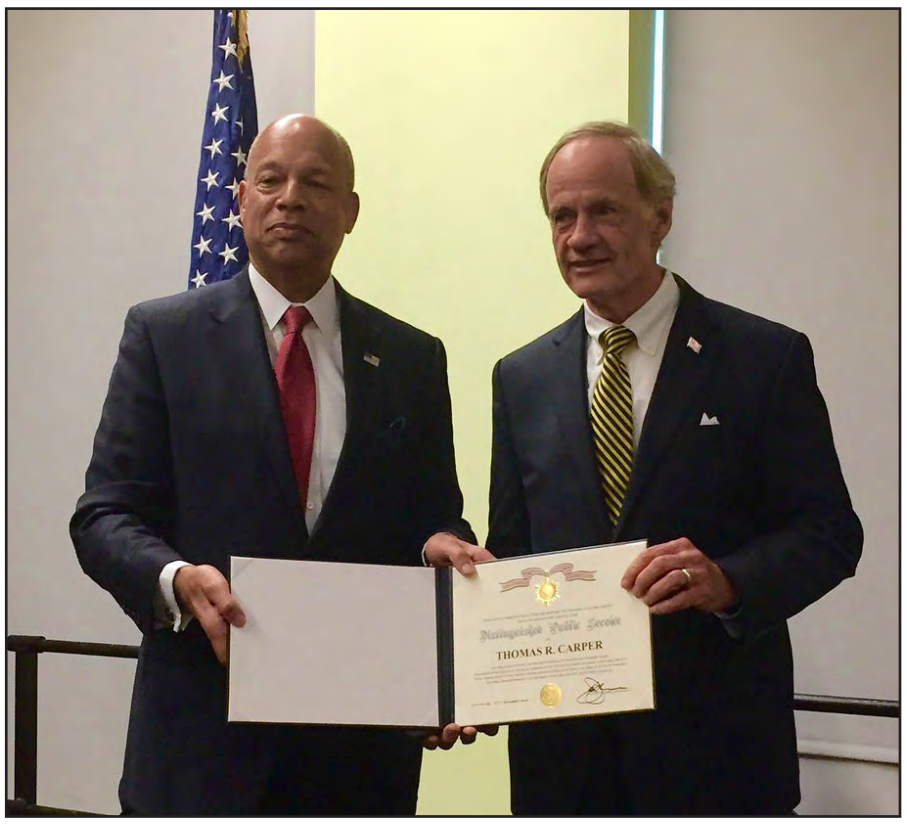
Contanda is committed to maintaining the same level of operational excellence and customer satisfaction it has provided throughout its history and looks forward to bolstering the company's focus and service base to include a broader range of petrochemicals and other energy markets.

"The new Contanda name reinforces our strategic commitment and focus on managing petrochemical and hydrocarbon products, providing innovative services, and serving new and expanded markets," said Geoff Roberts, Chairman of the Contanda Board.

Contanda has approximately seven million barrels of storage capacity across 15 terminals in North America, including its Philadelphia facility with a 562,000 barrel capacity. The business focus is on niche liquid products and customized service offerings and has a leading market position in the agricultural and chemical sectors.

Visit www.contada.com for more information.

Johnson on cyber at DSU, Carper gets DHS award



Former DHS Secretary Jeh Johnson brought his brand of calm caution to Delaware State University late in 2016 for a discussion about cybersecurity with students and the general public. "There's no cybersecurity threat, only cybersecurity attacks. The threat has already become reality," he said, noting that the most sophisticated attacks come from simple acts of spearphising. Before speaking, Johnson took the opportunity of his visit to Delaware to present the Distinguished Public Service Medal to the state's senior senator, Tom Carper. The medal is the agency's highest honor bestowed on civilians and recognizes exceptional and transformational public service.

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Q&A with PRPA Executive Director

continued from page 1

houses to allow more cargo capacity, deeper marginal berths to match the new, deeper channel, and the modernization of electrification throughout the terminal to allow for conversion of diesel container cranes and shore power for vessels.

Tioga will receive approximately $12 million for warehouse improvements, additional equipment, and improved rail capabilities to support the Brazilian wood pulp cargos, a significant piece of business, as well as other break bulk cargos.

Finally, our automobile import/export business will receive about $90 million. This funding will add 155 acres for cars and a second auto-processing site in the old seaplane hangar at the Southport site.

Q: What regional economic impact will this investment accrue?

A: The Port of Philadelphia is a very valuable asset to the Commonwealth of Pennsylvania. It is an economic generator mainly because of the family-sustaining jobs it creates both for the very near-term construction as well as the longer-term growth in operating capacity. The existing jobs — and the new jobs to be created — support families, build communities, and strengthen the city and the region. There is a great port legacy in this city, and we are building on that. Our labor force is tremendous. Moreover, from an investment standpoint, state and local tax revenues will increase more than $35 million a year. Direct jobs will increase from about 3,100 to more than 5,300.

Q: As you know, we are in the final stages of the Delaware River Main Channel Deepening Project. What can you tell us about it?

A: We have made tremendous progress. This is a seven-year, multi-contract project that has been challenging in terms of construction, funding, and initially, legal proceedings. However, our team here at the PRPA and the team at the Philadelphia District of the Army Corps of Engineers have worked through the issues as we bring this to conclusion. We have our last funding request of $29 million in Washington, and we expect to hear something positive very soon. Fortunately, we have had outstanding support from Senator Bob Casey, Congressman Bob Brady, the regional delegation, labor, local elected officials, terminal operators, and our customers in keeping this project a priority for federal funding. The Commonwealth of Pennsylvania under former Governors Edward Rendell and Tom Corbett, and as previously mentioned, current Governor Tom Wolf, have also all been 100 percent supportive.

Q: In a few words, how would you describe the current state of the port?

A: The Capital Investment Program positions us for immediate growth. Landside redevelopment will coincide with the deeper shipping channel, and we will see tangible results. Both the Commonwealth and the PRPA Board are committed to establishing one of the best and most effective maritime operations in the industry. I believe we are well on our way.

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Improving Penn Terminals

continued from page 3



Penn Terminals' President and CEO John Brennan in front of a newly revamped cargo warehouse.

One of Penn Terminals largest customers, and certainly the longest standing, is Independent Container Line, which offers a regular service between Chester, Antwerp, Liverpool, and Wilmington, N.C. "Penn Terminals has been a valuable business partner of ICL for over 30 years. Its business model, its labor force, and its infrastructure have allowed us to provide a high degree of service, reliability, and flexibility to our customers," said Sean Clancy, ICL's Senior Director for Delaware River Operations. "ICL prides itself on our ability to offer customized logistics solutions, and Penn Terminals has been a key factor in making that possible."

Yet all is not wine and roses. Brennan believes the reason Penn Terminals does not enjoy a greater market share is because of government intervention. "They're choosing winners and losers," he said, referring to state subsidies of port infrastructure investment funded by taxpayers. "State-owned ports should seek private investments to improve infrastructure, as there's no doubt our tax dollars could certainly be better used elsewhere."

Like many other policymakers and business leaders in the region, Penn Terminals is looking to capitalize on opportunities afforded by the Marcellus and Utica shales. "If collectively we embrace it, [these products] can grow our port for the next 50 years," Brennan said. "But it's not an automatic path forward for either the port or the Delaware Valley in general. The tristate region as a whole has to acknowledge that we want to be the 'Houston of the East Coast,' with refineries, petrochem facilities, and other related industries all lined up in row."

Yet for now, Penn Terminals is content to grow its existing business, which includes the full range of steel and non-ferrous metals, containers, forest products, fruit, livestock, and project cargos. In 2016, the facility handled 158,083 TEUs, surpassing the 135,000 TEUs handled in 2015 and the 119,600 in 2014. "We also handled 200,000 metric tons of breakbulk products last year," Brennan said.

The future looks as bright as the newly refurbished warehouse at this busy terminal located roughly equidistant between Philadelphia and Wilmington, Del. "As a private facility, we can get funding if needed for capacity/throughput expansion," Brennan said. "The owners aren't interested in economic development or job creation, but we also can't say 'if we build it they will come.' As long as we can answer the banker's questions, funding is there for further improvements and expansion."





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Looking forward to 45 feet

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South Jersey Port Corporation facilities in the seven-county South Jersey Port District to be more competitive in attracting international cargoes to our region," said Kevin Castagnola, Executive Director of the South Jersey Port Corporation.

"As other East Coast ports have deepened their channels in anticipation of the growth in commercial shipping activities and the size of ships generated by the expansion of the Panama Canal, the Delaware River channel deepening project positions our terminals to accommodate deeper draft ships. This directly translates into expanding the vital economic impacts our port complex provides to the region in terms of jobs and business revenue," Castagnola stated. "The completion of the deepening project could not come at a better time as business continues to grow at our Camden Terminals and we begin operation at the new Paulsboro Marine Terminal in February. We welcome the economic growth and prosperity it will bring to our region."

A $32.6 million award to the Dutra Group last fall will deepen upper Reach E on the north end of the Delaware Bay. Work on this ninth contract is planned for late spring of this year. Finally, during the summer of 2017, the dredging for the tenth and final contract will focus on the remainder of Reach B between Chester, Pa. and Wilmington, Del.

Eugene Bailey, Executive Director, Diamond State Port Corporation, said that "A deeper shipping channel will bolster economic recovery, create jobs, and increase cargo. This project has been years in the making, and we look forward to taking part in the celebration of the 45-foot project's completion."

Activity at Delaware River ports supports a population of more than 46 million consumers who live within a 200-mile radius of arriving cargos.

"The channel deepening will pave the way for Delaware River port expansion. This in turn will result in a healthier port infrastructure with an increased and more competitive East Coast shipping presence," said Capt. Ward Guilday, President of the Pilots' Association for the Bay and River Delaware. "The entire community looks forward to celebrating the project's completion."

The deepening project remains critical to the more than 75,000 high-paying and family-sustaining jobs dependent on Delaware River port commerce. This vital project protects these existing jobs and gives voice to the thousands more waiting in the wings.

"Last year, Delaware River stakeholders enjoyed marked and hard-earned successes," according to Exchange President Dennis Rochford. "The soon-to-be-completed 45-foot channel deepening can only build on that foundation of success."

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The Importance of Conducting Investigations

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However, this does not mean that by merely telling your lawyer about a fact, you can keep the fact from being discovered by other means. Moreover, if the person talking to the lawyer is not actually the lawyer's client, the attorney-client privilege does not pertain. For example, a statement made to a lawyer by a third-party participant in an accident or a witness, even if that witness is a company client's employee, may not be protected by the privilege.

Self-Critical Evaluation Privilege

If an accident investigation was conducted by a vessel officer or company employee without a reasonable anticipation of litigation, such as in a "near-miss" situation, and the investigation report contains damaging admissions, that report might be discoverable in a subsequent similar accident which did result in harm and lead to a lawsuit.

Is there any way in which those damaging admissions can be protected from being discoverable or used by the other side to make its case? The answer is probably "no," but I would enthusiastically recommend attempting to invoke the so-called "self-critical evaluation privilege" to try to protect the documents and materials from discovery.

This form of privilege, recognized in a few states under certain circumstances, is designed to solve the societal problem of how to encourage a company to conduct an objective and thorough investigation, thus possibly preventing future accidents, when the risk of creating harmful evidence would be a discouragement. The privilege has not been widely recognized, unfortunately. Many times, the reason given for failing to recognize it is that an element of government compulsion of the investigation is not present. But not all jurisdictions require that the reports be made under government compulsion in order to be protected.

Federal courts have been reluctant to recognize the self-critical analysis privilege as a creature of the federal law itself. A federal court will, however, enforce a privilege recognized by a state. Most maritime cases are litigated in federal court, of course, and something called the "general maritime law" is deemed applicable to those cases at least as to matters of substance, unless modified by federal statutes passed by Congress.

To the author's knowledge, there is no well-established principle of general maritime law that recognizes the self-critical analysis privilege. Therefore, your best bet is to argue for the application of the privilege if it is recognized in the state in which the federal district court is sitting. Federal district judges are comfortable with applying the versions of the attorney-client privilege defined by the law of the state in which they sit and such should not be hesitant to apply the state's definition of the self-critical examination privilege. Therefore, when the case is brought in the state court of a state that recognizes the privilege, such as New Jersey, it should not be difficult to convince the court of the applicability of the privilege so long as the elements of the test are satisfied.

In those states that require government compulsion as part of the test, that aspect of self-critical evaluation privilege may well be present in a maritime case, particularly when one considers that adoption of the ISM code is mandatory by federal statute for certain types of vessels.

But where government compulsion does not exist, an argument for recognition of the privilege should be made anyway. After all, the privilege exists in order to encourage good behavior by companies. Why should government compulsion be a part of that equation? Companies should be encouraged to voluntarily act responsibly.

Finally, even though the general maritime law or the law of a particular state does not yet recognize the privilege, an attempt to create a change in the law should be made. After all, both the general maritime law and state law on privilege are forms of so-called "common law," which should evolve and grow to suit the needs of the society. And unless the issue is raised, a court will never be forced to make a decision. Some courageous judges may recognize the important policy goals behind the privilege and change the law because it is the right thing to do, despite the fact that other judges in his/her jurisdiction have not done so previously. Unless you raise the point, you do not have an issue on appeal, and the law will never be changed.







Editorial

How soon they forget: Looking to stifle DCR activity again?

Those who pay attention to the river in Delaware are watching events unfold at PBF's Delaware City Refinery, or DCR. Whether the cause is the environment or the economy, questions surround the application of the state's landmark Coastal Zone Act and its effect on the refinery.

Needless to say, the environmental lobby is standing staunchly by the act. In mid-January, two groups — the Delaware Audubon Society and the League of Women Voters — petitioned the state's Coastal Zone Industrial Control Board to overturn a PBF permit recently approved by the Department of Natural Resources and Environmental Control. The permit allows PBF to utilize existing tanks and marine loading equipment to enable denatured ethanol to be loaded from storage tanks to marine vessels and shipped to offsite facilities.

Because DCR was already in use in 1971 when the Coastal Zone Act passed into law, it was allowed to continue operations under a grandfathering provision. At issue now is whether the December 28 DNREC permit allows the refinery to bypass language in the law which opponents claim prevents issuance of new permits.

The PBF "Ethanol Marketing Project" for which DNREC issued the permit would not construct any new water intakes nor would it increase the flow at existing intakes. What it would do is install equipment to increase the throughput of existing operations.

But there is more to it than that.

About three years ago, PBF wanted to move crude by barge to its sister facility in Paulsboro, N.J. DNREC allowed the operation without requiring a permit, a move that some say violates the intent of the law. Because on-dock operations were already exempted, DNREC saw no need to require a specific permit for the bulk transfer activity.

Recently, PBF admitted to moving product to other locations within the port region, according to a recent *News Journal* article.

So here we come to the crux of the matter. Isn't it more beneficial for PBF to use the same space to create more economic activity without using additional, unreplenishable natural resources? And does it really matter whether crude loaded onto a barge within Delaware's coastal zone goes only to Paulsboro? Opposing the movement of barges to other locations erroneously assumes additional harm to the state's coastal regions.

We're not going to argue the legal case for or against the permit request and approval. But these are reasonable questions in the broader sense, and they deserve consideration.

No one doubts the importance of the Coastal Zone Act and the need to protect the waterway. Yet this legacy legislation was enacted at a time when our region's — indeed our country's — environmental resources were suffering at the hands of heavy industry. We're a great deal smarter now, and our approach to balancing economic needs with those of the environment is vastly different than it was nearly five decades ago.

Let us not forget how just a few short years ago the idling of the refinery devastated the Delaware City community. After the massive loss of jobs, not only at the plant but at all the businesses that supply it and its employees, residents and state officials alike wanted nothing more than for the refinery to restart operations.

As you will read elsewhere in this issue of *The Beacon*, and as you have heard us say in these pages many times in the past, this region is already experiencing the benefits of the "energy renaissance" and is well positioned to reap even further gains. The energy market is volatile, and we must take steps to capitalize on it when opportunities present themselves.

This is not by any means to suggest that the Coastal Zone Act should be gutted. But the time has clearly come to revisit its provisions and update the law to reflect a 21st century reality.

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for the Delaware River and Bay

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Views on the industry from the next gen

By: Laura Miller, MOL Account Manager

"We're a non-profit trade association, serving the tristate community since 1875. We're dedicated to promoting and encouraging commerce on the Delaware River and Bay. We work together to address and resolve the issues of mutual concern, and to share information critical to the timely movement of cargo through ports." 'These are the words I heard four years ago during my first interview with the Maritime Exchange. For someone starting out with no knowledge of the maritime industry or its operations, the words seemed foreign, but I was excited and couldn't help but wonder what would come next.

The Maritime Exchange hired me as a member of the talented and experienced Operations staff in 2012. Training began on the unique online program, Maritime On-Line, and I was clueless. Grasping the system and the U.S. Customs and Border Protection's many rules, regulations, and requirements seemed never ending, but the learning process came with ease at the guidance of my skilled co-workers. Daily contact with vessel agents, captains, tugs, and the Pilots' Association via phone, email, and VHF radio to ensure vessel arrival, movement, and cargo information is accurate is why so many businesses rely on the Exchange and why I needed to learn quickly.

Interfacing with our local government agencies when trying to solve cargo release problems, our CBP client representatives and CBP officers are always willing to help. Hands on work and daily communications (radio chatter, monthly updates on port activities and events, information bulletins, etc.) keep the job interesting, the brain engaged, and allow me to stay informed about the ever-changing port community.

It is difficult to count the number of people I've met over the years — some who have turned into friends — and the extent of exceptional experiences have created memories that will last a lifetime.

In the past four years, I've had the opportunity to tour Penn Terminals for a firsthand glimpse at cargo operations, climb aboard to tour the massive "Independent Voyager," travel to Lewes, Del. to visit the Exchange Ship Reporting Tower — which houses our night/weekend staff and pilot dispatch operations, tour the Salem Nuclear Plant in New Jersey, and more. My most memorable experience to date was a visit aboard the "S.S. United States." Docked in South Philadelphia is a piece of history with a lot of meaning to me, as my mom sailed on her from Poland to America in 1966 with her family.

I've come to realize what a unique opportunity we have to be part of an ancient, ongoing industry. Every individual in the port community helps keep the port running and cargo operations flowing smoothly. Due to the expansion of the Panama Canal, we can expect larger and more vessels transiting the river to discharge cargo. River and harbor development is underway to accommodate the larger vessels as the river deepening project continues steadily. More vessel traffic will most likely require more government support for the port and more jobs on the piers. My hope for the future would be that we as a port community can depend on the resources required to efficiently move cargo.

As times change, so do the rules, regulations, and requirements. Each day a new issue emerges and we rise to the challenge of solving it, whether it be cargo manifest issues, or a more in depth issue that requires research. Employment at the Maritime Exchange has been an informational and exciting experience and gives true meaning to the saying "you learn something new every day."

The Beacon is the official newsletter of the Maritime Exchange for the Delaware River and Bay. The Exchange encourages its readers to submit letters to the editor at any time in response to articles that appear in *The Beacon* or to address other topics of interest to the port community.

Please direct any correspondence, comments, or inquiries regarding the contents of this newsletter to:

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Mail:
Maritime Exchange
Attn: Beacon Editor
240 Cherry Street, Philadelphia, PA 19106

Why dredge?

Beneficial reuse projects in the tristate region tell the story

Depending on which side of the environmental fence you stand, dredging can be viewed as either a good thing or not. Those outside the maritime community may not understand that dredging is a positive, necessary, and beneficial process. "Why dredge?" they may ask.

On the other hand, maritime industry professionals know the answers to this question are several — and obvious. This is because they know firsthand that dredging, in addition to its clear commercial benefits, is also about the practice of removing material from the river's channel. People in the know recognize that dredging is equally about the beneficial reuse of that very same material.

A review of the beach nourishment projects that have taken place along the New Jersey and Delaware coasts underscores this fact. For example, a recent project at Broadkill Beach in Delaware combined removal and reuse of material into a single project. This portion of the 45- foot Delaware River channel deepening project is a prime example of this sort of synergy. All sand removed by deepening the southernmost 15 miles of the channel was pumped ashore to Broadkill Beach, where it was used to construct a new dune and beachfill to reduce the risk of storm damages for that Delaware Bay community.

Jim Bailey, Chair of the Alliance of Bay Communities and President of the Broadkill Beach Preservation Association calls this particular replenishment project a dream come true. "Broadkill Beach's dunes have been rebuilt with quality sand," Bailey said. "The end use of this dredged material benefits not only Broadkill Beach, but also the marshes behind us that protect farmland. This farmland would not be productive without the additional protection provided by this beneficial reuse of dredged material."

Broadkill's refurbished dunes also protect inland forest areas and prevent storm surges from moving inland that can place farmland and forests at risk. "With the restoration of the beach, we now see an abundance of wildlife that has been missing since the storm of 2008," Bailey continued. "Beneficial reuse of dredged material has provided a safe and risk-free habitat for all manner of wildlife."

In addition, a portion of the main channel deepening project served as the borrow area when the U.S. Army Corps of Engineers built a similar dune and beachfill project at Oakwood Beach in Salem County, N.J. Deepening material previously deposited at two of the Corps' riverside disposal areas was also reused for road construction projects in Delaware and road construction and site work in southern New Jersey.



What a view! Jim Bailey enjoys a winter's day vista at the Broadkill Beach courtesy of the 45-foot channel deepening work.

Another example is occurring right now as the New Jersey Department of Environmental Protection has hauled rock removed from the channel near Marcus Hook, Pa. to just offshore of Wildwood, N.J. to help build a new artificial reef.

Beyond the channel deepening effort, maintaining the Delaware River main shipping channel and other Corps' navigation projects have served for decades as prime sources of sand and gravel earthfill. The Corps has made this material available to any and all takers.

Beneficial use of dredged material also helped create the Camden Waterfront District, the RiverWinds Golf & Tennis Club, the Palmyra Cove Nature Park, the commuter runway at the Philadelphia International Airport, commercial redevelopment now underway at the former Fort DuPont in Delaware, and numerous other road construction and site development projects.

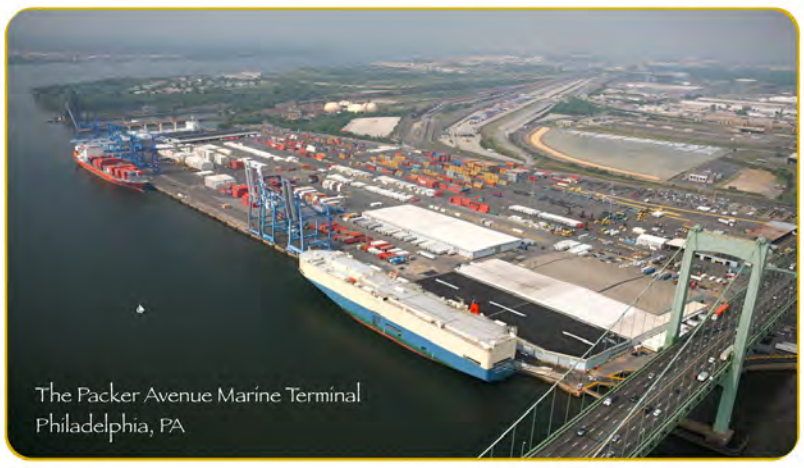
Who knows what other potential beneficial uses lie ahead for dredged material? The Corps has undertaken feasibility studies to identify opportunities on both sides of the Delaware River and Bay.

"For Delaware River ports, first and foremost dredging has always been about navigational safety and commerce," said Exchange President Dennis Rochford. "When the general public asks 'Why dredge?' we must be prepared to educate them about the multitude of benefits dredging affords so that its many advantages can be understood and appreciated by all."





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Calendar of Events

02/15/17	U.S. Coast Guard Annual Joint Meeting of the Delaware Bay Area Maritime Security Committee/Area Committee Exxon Mobil Tech Center, Paulsboro, NJ Contact Glena Tedinnick, glena.t.tredinnick@uscg.mil
	DRPA/PATCO Board Meeting
02/21/17	Philadelphia Regional Port Authority Board Meeting
02/22/17	World Trade Association of Philadelphia French Shippers Panel Temple University, Philadelphia Contact Deborah Ingravallo, 856-642-3957 or WTAPhila@comcast.net
	World Trade Center of Delaware "The EB-5 Immigrant Visa: Using Foreign Capital to Fund Delaware Projects" Delaware Law School of Widener University, Wilmington, DE Visit www.wtcde.com
03/01/17	World Trade Center of Greater Philadelphia Annual Global Business Conference Drexel University Creese Student Center, Philadelphia Contact Susan Farrington, 215-586-4249 or visit www.wtcphila.org
03/03/17	Seamen's Church Institute Spirit of the Port Luncheon Honoring Eugene Mattioni, Hilton Philadelphia at Penn's Landing Contact Christine Polit, 215-940-9900 x 104 or cpolit@sciphiladelphia.org
03/08/17	Maritime Exchange Board & Annual Meetings
	Maritime Exchange Annual Election
03/09/17	Mariners' Advisory Committee Meeting La Veranda, Philadelphia Contact Scott Anderson, sanderson@maritimedelriv.com
03/14/17	Tri-State Maritime Safety Association Board Meeting
03/15/17	DRPA/PATCO Board Meeting
03/21/17	Philadelphia Regional Port Authority Board Meeting
03/22/17	Seamen's Center of Wilmington Board Meeting
04/05/17	Vessel Owners and Captains Association Dinner Sheraton Society Hill, Philadelphia, PA Contact Bill Anderson, mail@generalmarine.org
04/07/17	Maritime Exchange, USCG, and American Bureau of Shipping "Delaware Bay LNG Bunkering Summit" Independence Seaport Museum, Philadelphia RSVP ENS Alex McConnell, alexander.w.mcconnell@uscg.mil
04/12/17	Maritime Exchange Executive Committee Meeting
04/14/17	Delaware Valley Regional Planning Commission Freight Advisory Committee Meeting, DVRPC Office, Philadelphia
04/18/17	Philadelphia Regional Port Authority Board Meeting
04/19/17	DRPA/PATCO Board Meeting
	World Trade Association of Philadelphia Annual Fundraiser for Autism Speaks, Cescaphe Ballroom, Philadelphia Contact Deborah Ingravallo, 856-642-3957 or WTAPhila@comcast.net
05/01/17	Seamen's Church Institute Golf Tournament Talamore Country Club, Ambler, PA Contact Christine Polit at 215-940-9900 x 104 or cpolit@sciphiladelphia.org

For a complete schedule and event details, visit www.maritimedelriv.com.

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